

Deferred Compensation and Match Plan Distributions Guide Sheet

New federal rules for disbursements as updated by the Pension Protection Act of 2006. Here are the details for Delaware's 457 and Match Plan:

- Full or systematic disbursements may be requested at anytime after separation from state service, two weeks following receipt of the final State of Delaware pay check. Withdrawals from a 457 plan (the Delaware Plan) are taxable but are not subject to the 10% federal penalty for early withdrawals.
- Participants must take minimum required distributions upon reaching age 70 ½. Payments are now calculated by dividing the previous year's ending balance on an account by the participant's projected life span in years.
- Non-spousal beneficiaries may now take distributions over their lifetime and have the option to make a direct rollover.
- Money withdrawn directly from a 457 is NOT subject to the federal penalty for early withdrawal. Delaware 457 money may be rolled over to a 401(a), 401(k), 403(b) (subject to these employers' plan rules) or IRA, but BEWARE! 457 money rolled into any of these plans will become subject to the federal penalty of 10% if withdrawn before age 59 ½.
- 401(a), 401(k), 403(b) or IRA savings may be rolled over into Delaware's 457 plan, where they are accounted for separately. These rolled-over balances will remain subject to penalty if withdrawn before the participant reaches age 59 ½. Withdrawals of the 457 savings are penalty-free.
- **Reminder:** The Delaware 457 and Match plans offer over 280 investment options and all are free of administrative fees. Some funds may have a short-term trading or redemption fee. It's important to read and understand a fund's prospectus before you invest.
- Feel free to contact Fidelity to request a Fidelity Distribution Kit or a Fidelity Retiree Distribution Kit, whichever is appropriate, which details your options upon separation from State service.

For more details, visit us on-line at
<http://www.state.de.us/treasure/services/deferredcompensation07.shtml>
or call or visit Fidelity at 1-800-343-0860, or www.fidelity.com/atwork